

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 849 - SB 999

February 19, 2023

SUMMARY OF BILL: Establishes the “Rural Schools Innovation Act”. Requires the Department of Education (DOE) to establish a two-year pilot program for rural districts to partner together to expand access to high-quality college and career pathways. Requires DOE select at least six rural districts to participate in the program. Requires each partnership to be overseen by an intermediary organization that is authorized to contract and employ staff in this state. Subject to appropriation, requires DOE to award competitive grants to partnerships.

Requires each partnership to submit its written partnership agreement to DOE along with the partnership's application to receive grant funding. Requires DOE to begin accepting grant applications by September 1, 2023, and to distribute grants to partnerships by December 1, 2023. Requires DOE to submit a report to the chairs of the education committees of the General Assembly evaluating the pilot program by December 1, 2025. This section is repealed on December 1, 2025.

FISCAL IMPACT:

**Increase State Expenditures - \$2,786,600/FY23-24
\$2,786,600/FY24-25**

Assumptions:

- LEAs will need to hire staff for programming implementation and to create programs of study to expand access to college and career pathways. Costs for adding career pathways include personnel, programs, and equipment.
- The proposed legislation establishes that partnerships shall not use more than 70 percent of the grant funds they receive to implement partnership agreements for purposes of the pilot program.
- The proposed legislation further requires that partnerships use at least 30 percent of the grant funds they receive to provide the technical assistance necessary to enable the design and launch of effective partnerships. Technical assistance must be provided by a nonprofit experienced with similar programs in the state.
- The proposed legislation would require oversight and reporting from rural districts and the intermediary agency; it is assumed that for every two partnered districts, one position for program implementation will be needed.
- Grants will be rewarded in FY23-24 and FY24-25.

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- One Education Consultant 1 position will cost \$76,706 (\$59,496 salary + \$17,210 benefits).
- Travel costs for each Education Consultant 1 position are as follows:
 - \$468 for lodging (\$234 state rate x 2 days);
 - \$158 for per diem (\$79 x 2 days); and
 - \$756 for mileage reimbursement (\$0.63 x 50 miles per week x 2 weeks per month x 12 months per year).
- The total travel costs for each Education Consultant 1 position is \$1,382 (\$468 + \$158 + \$756).
- The total cost for three Education Consultant 1 positions plus travel is \$234,264 [(\$76,706 + \$1,382) x 3].
- Program costs for each rural district participating in the pilot program are as follows:
 - \$50,000 curriculum and textbooks;
 - \$10,000 for digital licensing tools; and
 - \$5,000 for supply budget.
- The total program cost for each rural district participating in the pilot program is \$65,000 (\$50,000 + \$10,000 + \$5,000).
- One new program teacher will cost \$71,064 (\$50,496 salary + \$20,568 benefits).
- Equipment costs may vary depending on which trade is determined to be high wage and in high demand. It is estimated that costs for equipment may be up to \$150,000 in some instances such as welding.
- The total cost for personnel, travel, materials, and equipment is \$1,950,648 { \$234,264 + [(\$65,000 + \$71,064 + \$150,000) x 6] } which represents up to 70 percent of the total grant amount.
- The total increase in state expenditures for grants is estimated to be \$2,786,640 (\$1,950,648 / 70%) in each FY23-24 and FY24-25.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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